

2009

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Real Estate Investments Fact Sheet

A large, dark blue silhouette of a bull is positioned in the lower half of the page, appearing to look out of a window frame. The window frame is composed of several vertical and horizontal lines, creating a grid-like structure. The background behind the bull is a lighter shade of blue, suggesting a bright outdoor scene.

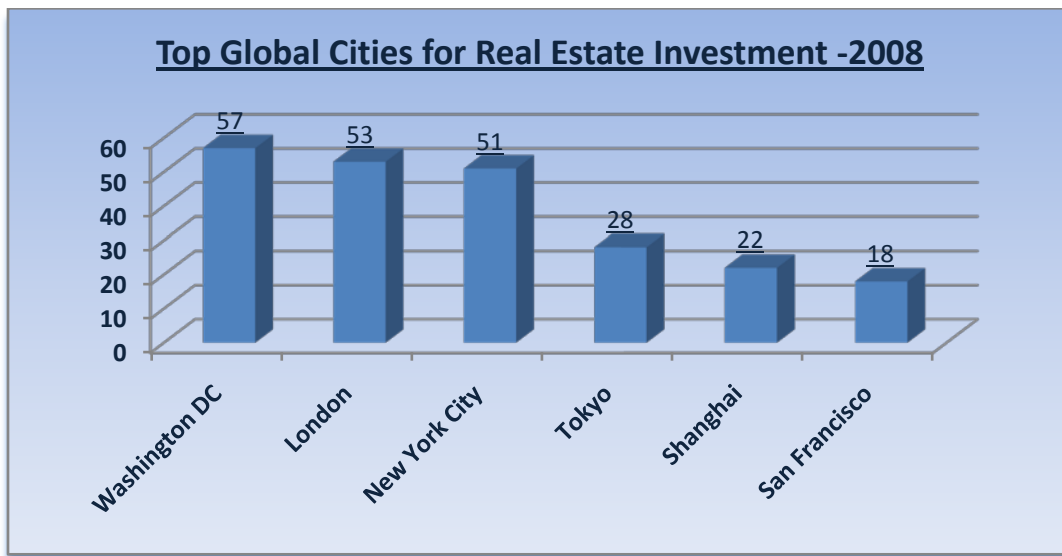
Real Estate Acquisition Team
Phoenician Investments LLC



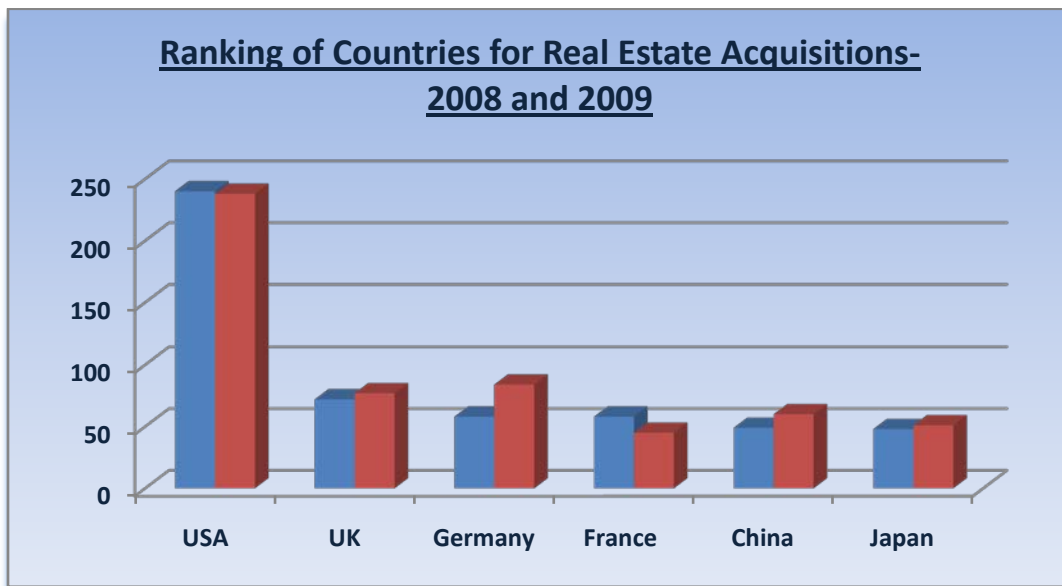
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Introduction:

While international investors continue their global diversification, the United States real estate market remains at the top of their confidence level according to the results of the 17th annual Association of Foreign Investors in Real Estate (AFIRE) Foreign Investment Survey where members collectively hold approximately \$ 1 trillion of real estate globally including \$371 billion in the United States alone.

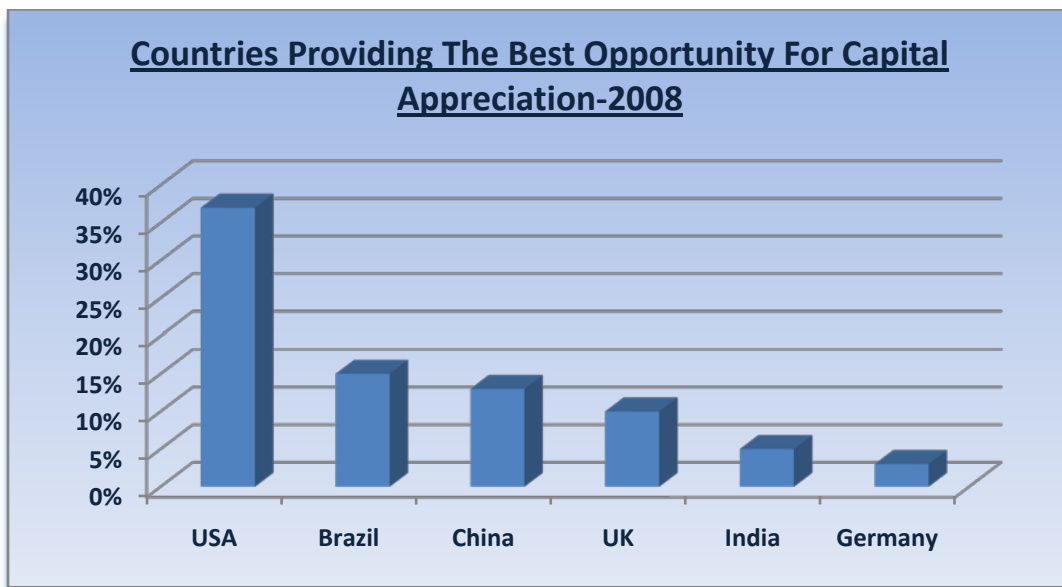


Source: The Association of Foreign Investors in Real Estate (AFIRE)



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Washington DC topped the list of preferred cities, followed by London, New York, Tokyo and Shanghai. Over the years, the US emerged as the most stable and secure market for real estate investment and maintains its allure for international investors. No other country has ever come close to this number one position. The depreciated dollar and distressed assets were major drivers to encourage spending by foreigners in the US in addition to partnerships and joint ventures which were the predominant means of pacing new capital. The recent volatility in the global financial markets accelerated the pace of investment in US property market as foreign investors seek the greater stability provided by US property investments.



Source: The Association of Foreign Investors in Real Estate (AFIRE)

Both foreign lenders and equity investors plan to increase investment globally and in the United States, their favored international investment target. Lenders expect to boost investment by 54 percent globally and by 58 percent in the United States, while equity investors see increases of 40 percent globally and 73 percent in the United States.

Benefits of Real Estate Investments:

Real Estate investment assets are intended for investment purposes rather than as a primary residence. It is common for investors to own multiple pieces of real estate used to generate rental income and profits through price appreciation. The tax implications for investment real estate are often different than those for residential real estate. Some of the benefits of investing in real estate include but not limited to:



1. Real Estate has shown historically an above average rate of return compared to stocks, bonds or foreign equities.
2. Constant cash flows or income stream from tenants.
3. Rental income is a great way to hedge against inflation as it increases with inflation, and in most cases at a quicker pace.
4. Tax benefits – a Capital Gain is the profit realized from the sale or exchange of an asset.
5. Capital gain exclusion on principal place of residence of \$250,000 per individual. (up to \$500,000 for a couple)
6. The cost of improvements may be depreciated or deducted over an arbitrary period of time, but land can never be depreciated.
7. Investing in Real Estate provides diversification benefit to any portfolio which yields to favorable returns.
8. The following can usually be deducted on income tax returns:
 - o Interest payments made on first and second homes that meet the necessary qualifications.
 - o Certain loan origination fees and discount points.
 - o Loan prepayment penalties and real estate property taxes.

Some factors to consider when investing in Real estate:

1. Real Estate is usually not liquid unless invested in a Real Estate Investment Trust. (REIT)
2. The buyers of investment properties must be prepared to "invest" for the long haul.
3. Compliance with the Patriot Act for International Investors.

Summary:

International Real Estate investors continue to expand their allocation of investment funds around the world. The United States remains the favored destination for real estate capital investment because it provides a stable investment environment and arguably, the best opportunity for capital appreciation through acquiring distressed assets.

“The US remains the strongest and safest conduit for cross border real estate capital, by a substantial margin, 63%” says Mark Preston, president of Grosvenor UK and Ireland, and AFIRE’s newly elected chairman. More recently and in 2007/08, foreign investors seems willing to take on slightly more risk in the US market, value-added real estate now makes up 25% of their global strategy. Investors are employing several measures to successfully place capital into the US. By far the most popular strategy is developing relationships or joint ventures with local real estate firms to acquire off market properties.



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